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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

MERRIAM-WEBSTER, INCORPORATED,

Petitioner,

v.

RANDOM HOUSE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether a multimillion dollar jury verdict and permanent injunction reached after a four-week trial in a Lanham Act and trade dilution case should have been overturned because the Second Circuit, adhering to the minority view, applied a *de novo* standard of appellate review to the issue of likelihood of confusion?

RULE 29.1 LISTING

Petitioner, Merriam-Webster, Incorporated, is wholly owned by Encyclopedia Britannica, Incorporated. Petitioner has no subsidiaries.

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Petitioner Merriam-Webster, Incorporated respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit.

OPINIONS BELOW

(a) The opinion of the court of appeals is reported at 35 F.3d 65 (2d Cir. 1994), and is set forth in Appendix A. (Appendix ("App.") at A1-A20.)

(b) The district court's opinion upholding the jury's verdict for Merriam-Webster, Incorporated and granting its motion for a permanent injunction is reported at 815 F. Supp. 691 (S.D.N.Y. 1993), and is set forth in Appendix B. (App. at A21-A47.)

(c) The district court's opinion requiring a new trial with respect to Merriam-Webster, Inc.'s right to Random House Incorporated's profits, which was certified to the Second Circuit pursuant to 28 U.S.C. § 1292(b), is set forth in Appendix C. (App. at A48-A53.)

JURISDICTION

On September 9, 1994, the court of appeals entered judgment which vacated the permanent injunction and ordered dismissal of the complaint. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY AND CONSTITUTIONAL PROVISIONS INVOLVED

The text of the Seventh Amendment, Section 43(a) of the Lanham Act, Federal Rules of Civil Procedure ("Rule") 52(a) and New York State's dilution statute are reproduced in Appendix D. (App. at A54-A56.)

STATEMENT OF THE CASE

Introduction

Following a four-week trial, a jury determined that publisher Random House, Inc.'s ("Random House's" or "Respondent's") trade dress for its new Webster's College Dictionary infringed and diluted the strong and distinctive trade dress of the best-selling Webster's Collegiate Dictionary published by Merriam-Webster, Incorporated ("Merriam-Webster" or "Petitioner"). The jury found the infringement was intentional and awarded Merriam-Webster more than $2.2 million in compensatory and punitive damages.[1] The district

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[1] The jury awarded Merriam-Webster an amount equal to its own lost profits plus the value of Random House's unjustly earned profits for a total Lanham Act award of $1,774,313. In addition, the jury awarded punitive damages of $500,000 based on common law trade dress infringement.

court thereafter doubled the jury's damage award pursuant to 15 U.S.C. § 1117(a). The jury and the district court also found that Random House diluted Merriam-Webster's trade dress and trademark, "Webster's Collegiate." Accordingly, the district court issued a permanent injunction prohibiting Random House from using a confusingly similar trade dress on the dust jacket of its new Webster's College Dictionary. (The Judgment incorporating the permanent injunction is set forth in Exhibit E. (App. at A57-A61)). On appeal, the Second Circuit vacated the permanent injunction, reversed the jury verdict and ordered the dismissal of Merriam-Webster's complaint. This petition for a writ of certiorari followed.

Prior Proceedings

Merriam-Webster first published its "Webster's Collegiate Dictionary" before the turn of the century. Joint Appendix filed with the Second Circuit ("JA") 71-73, 85-88. In 1983, Merriam-Webster commenced publication of the ninth edition of its famous reference work in a bright red cover which prominently featured the word "Webster's" across the length of the spine. JA 86-87. From its introduction, the ninth edition of Merriam-Webster's Webster's Collegiate Dictionary was the best-selling college dictionary in the United States. JA 80, 225-27, 281-82, 310-14.

Throughout the 1980s, Random House published the competing "Random House College Dictionary," which consistently ranked a distant fourth in a field of four competing college dictionaries. In 1990, Random House began implementing a plan to change the name of its dictionary from "Random House College Dictionary" to "Webster's College Dictionary." Exhibit Volume of Random House, Inc. filed with the Second Circuit 153. In connection with the name change, Random House adopted a new trade dress utilizing the same color scheme, distinctive use of "Webster's" on the spine and

numerous other elements used in the trade dress of Petitioner's Webster's Collegiate Dictionary.[2]

Upon learning of Random House's plans, Merriam-Webster initiated an action against Random House under 15 U.S.C. § 1121, 28 U.S.C. § 1338 and principles of pendent jurisdiction in the United States District Court for the Southern District of New York. The complaint alleged federal causes of action for trademark infringement, unfair competition and false designation, as well as New York State law claims for trademark infringement, unfair competition and trade dilution. During the four-week jury trial, the parties presented testimony from dozens of witnesses, and introduced hundreds of exhibits as well as demonstrative evidence. The competing dictionaries were prominently displayed to the jury, and were received in the jury room during deliberations. In answers to nineteen special interrogatories (Appendix G at A66-A74) the jury found, *inter alia*, that Merriam-Webster has a valid common law trademark in the words, "Webster's Collegiate"; that Random House's trade dress infringed Merriam-Webster's strong and distinctive trade dress; that such infringement by Random House was intentional; that Random House's dictionary diluted the distinctiveness of both Merriam-Webster's trade dress and trademark; and that Random House acted "maliciously, or in wanton disregard of [Merriam-Webster's] rights." The jury awarded compensatory and punitive damages and the court entered a permanent injunction order. (App. at A23-A25.)

Random House moved for judgment as a matter of law under Rule 50 or, alternatively, for a new trial. The district court

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[2] Appendix F contains several depictions of the competing dresses. Merriam-Webster's trade dress appears at A62. Random House's trade dress appears at A63. Trial exhibit P 513C2 shows the spines as they appear on bookstore shelves (A64), and trial exhibit P 28 shows a pre-publication advertisement used by Random House to market its dictionary (A65).

denied Random House's motions, stating that Merriam-Webster presented sufficient evidence to support the jury's verdict and its answers to interrogatories. In addition, the trial judge expressed his independent opinion that he did "not disagree with the jury's verdict," that he did "not adopt [Random House's] one sided view of the evidence adduced at trial" and that "[s]ufficient evidence was presented by [Merriam-Webster] such that a number of the *Polaroid* [*Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961)] factors clearly tip in [Merriam-Webster's] favor, thereby satisfying the likelihood of confusion standard necessary to sustain a trade dress infringement case."[3]

Random House appealed from the order of a permanent injunction. It did not seek review of any aspect of the jury's verdict, nor did it object to any of the jury instructions. The Second Circuit vacated the injunction because it found no likelihood of confusion exists between the dust jackets of the competing dictionaries. In addition, the Second Circuit reversed the district court's findings that Random House's dictionary diluted Merriam-Webster's trade dress and that Random House's use of the words, "Webster's College," diluted

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[3] The district court vacated the part of the jury award consisting of Random House's profits and ordered a new trial on this issue on the ground that the jury charge relating to defendant's profits was inadequate in light of the intervening Second Circuit opinion *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.), *cert. denied*, 113 S. Ct. 510 (1992). No other part of the jury verdict was affected. Merriam-Webster moved for reconsideration of the district court's decision requiring a new trial, arguing that its right to an accounting of Random House's profits was an equitable issue for the court and that the court could make the ruling based on the evidence introduced at trial such that a new jury trial was unnecessary. In an unpublished memorandum and order dated June 10, 1993, the district court certified this question to the Second Circuit pursuant to 28 U.S.C. § 1292(b). (App. at A48-A53.) The Second Circuit's opinion vacating the injunction and the jury verdict mooted this certification.

Merriam-Webster's unregistered trademark, "Webster's Collegiate." Moreover, notwithstanding the fact that Random House had appealed only from the interlocutory injunction order, based on its independent review of the evidence, the Second Circuit *sua sponte* vacated the jury's award of compensatory and punitive damages, and directed dismissal of the complaint.[4]

In concluding that, as a matter of law, there was no likelihood of confusion, the Second Circuit explained that likelihood of confusion is determined by applying the factors set forth in Judge Friendly's oft-cited *Polaroid* opinion. The Second Circuit then listed the *Polaroid* factors used to determine whether "'the similarity between the trade dresses will contribute to consumer confusion as to the origin of the product.'"[5] The Second Circuit also stated that it reviews findings regarding likelihood of confusion *de novo* as a mixed question of law and fact.[6]

The Second Circuit accepted the findings that Merriam-Webster's trade dress was strong and distinctive and that the dictionaries were in close proximity, two *Polaroid* factors that

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[4] The Second Circuit noted only its appellate jurisdiction over the grant of the permanent injunction pursuant to 28 U.S.C. § 1292(a)(1). (App. at A9.)

[5] The factors are the strength of the prior owner's mark, the degree of similarity between the marks, the proximity of the products, the likelihood that the prior owner will bridge the gap between the products, actual confusion caused by the allegedly infringing mark, defendant's bad faith in adopting its mark, the quality of defendant's product and the sophistication of the buyers of the two products. *Polaroid*, 287 F.2d at 495.

[6] Although the opinion below was silent on the subject, the Second Circuit generally reviews findings regarding each of the *Polaroid* factors under the clearly erroneous standard required by Rule 52(a). *See, e.g., Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577, 584-85 (2d Cir. 1993). As discussed *infra*, the Second Circuit in this case reviewed most of the *Polaroid* findings *de novo*, in contravention of its own well-established rule.

favored Merriam-Webster.[7] Next, by conducting a side-by-side comparison of the trade dresses, the Second Circuit concluded that there were only limited similarities between the trade dresses. Moreover, the panel concluded that Merriam-Webster failed to demonstrate that Random House's trade dress caused any actual consumer confusion and that the sophistication of the relevant consumer group weighed against a finding of likelihood of confusion. Finally, the Second Circuit ruled that the findings regarding Random House's bad faith in designing its dust jacket did not warrant discussion because the evidence could not be sufficient to tip the balance in Merriam-Webster's favor. Based on its *de novo* findings under *Polaroid*, the panel rejected the district court's and the jury's starkly contrary findings and concluded that, as a matter of law, there was no likelihood of confusion.

The Second Circuit also reversed the jury's findings that Random House's trade dress diluted Merriam-Webster's trade dress in general, and in particular diluted its unregistered mark, "Webster's Collegiate." The Second Circuit first explained that Merriam-Webster did not need to show likelihood of confusion on this claim but rather only likelihood of dilution, as well as secondary meaning or a distinctive trade dress. Accepting the jury's finding regarding secondary meaning as supported by the record, the Second Circuit next outlined some of the factors used to determine likelihood of dilution. Summarily reviewing each of the factors *de novo*, the Second Circuit determined that no likelihood of dilution existed. Similarly, the Second Circuit rejected the jury's award of punitive damages on

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[7] With regard to the first element of a trade dress claim, the Second Circuit had "no difficulty concluding that the jury's findings that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning were supported by the record." This appropriately deferential standard of review contrasts sharply with the Second Circuit's failure to comply with its stated standard of review for the factual elements of likelihood of confusion.

Merriam-Webster's State law claims which was predicated on the jury's finding that Random House's infringement was "malicious[] or in wanton disregard" of Merriam-Webster's rights. On this basis, the Second Circuit vacated the injunction and ordered dismissal of the complaint.

REASONS FOR GRANTING THE PETITION

I. A Significant Split Exists In The Circuits With Respect To The Appropriate Standard Of Review In Lanham Act Cases. This Case Presents A Compelling Opportunity For The Court To Create A Uniform Standard Which Would Provide That The Recurring Issue Of Likelihood Of Confusion Be Reviewed As A Factual Matter.

"The federal courts . . . are in hopeless disagreement on whether likelihood of confusion is a question of fact or law for purposes of appeal."[8] Louis Altman, 3A *Callmann On Unfair Competition, Trademarks and Monopolies*, § 20.64 (4th ed. 1994) ("Altman, *Callmann On Unfair Competition*"). Although the majority of the circuit courts review a district court's finding of likelihood of confusion in a trademark or trade dress case under the clearly erroneous standard of review mandated by Rule 52(a), the United States Courts of Appeal for the Second, Sixth and Federal Circuits review this issue *de novo*. "[T]he test

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[8] In fact, with reference to this split in the circuit courts, Altman noted earlier this year:

> What's going on here? It's time for the Supreme Court to straighten out the mess. There is ample conflict between the circuits to justify certiorari, and ample opportunity to grant it, since this issue recurs constantly. Litigants are entitled to know what the law is, and the lack of certainty even within a circuit is unacceptable.

Altman, 3A *Callmann On Unfair Competition*, § 20.64 (Spring 1994 Cumulative Supplement).

of likelihood of confusion is the touchstone of trademark infringement and unfair competition." 2 J. Thomas McCarthy, *McCarthy On Trademarks And Unfair Competition*, § 23.01[2], at 23-8 (3d ed. 1992) ("McCarthy, *Trademarks And Unfair Competition*"). Because this discrete issue pervades nearly every trademark and unfair competition case, and because the appellate standard of review of this issue is frequently, as here, outcome determinative,[9] the Court should take this opportunity to resolve this split in the circuits.

Divergent appellate standards undermine the purpose of the Lanham Act which was to create one uniform trademark law. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S 844, 861 n.2 (1982) (Justice White concurring) ("the purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection"); Patricia J. Kaeding, Comment, *Clearly Erroneous Review Of Mixed Questions Of Law And Fact*, 59 U. Chi. L. Rev. 1291, 1301 (1992) ("Kaeding, *Clearly Erroneous Review Of Mixed Questions*"). While in the past, the Supreme Court has chosen not to review the inter-circuit conflict, it is particularly ripe for resolution now because instructive Supreme Court cases and

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[9] *See* Jacqueline Pasquarella, *Trademark Law--Confusion Over The Likelihood of Confusion?*, 38 Vill. L. Rev. 1317, 1335 (1993) (results on appeal of a trademark case can vary dramatically depending on the standard of review applied); *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (Eighth Circuit, employing clearly erroneous standard, noted that it might have reached a different conclusion had it made the decision itself); *John J. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983) (although court would not necessarily have found a likelihood of confusion on these facts itself, it held that there was substantial evidence to support the jury's finding); *cf. Conagra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 371 (8th Cir. 1993) ("[W]e conclude the district court's finding that there is no likelihood of confusion is not clearly erroneous. Indeed, we would reach the same result if we reviewed the likelihood of confusion de novo.").

well reasoned commentaries suggest that the clearly erroneous test is the appropriate standard of appellate review. *See generally* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. 1291. Moreover, the circuits' opinions indicate that they are unable to resolve the split without guidance from the Court.

Each court of appeals agrees that the resolution of the various elements relevant to the likelihood of confusion issue entails factual inquiries for the finder of fact that should not be set aside unless clearly erroneous. The split occurs, however, because, while ten of the circuit courts conclude that the combination of these "subsidiary" facts into the crucial determination of likelihood of confusion is governed on appeal by the clearly erroneous standard (the "Majority View"), the Second, Sixth and Federal Circuits hold that this question is reviewed *de novo* (the "Minority View").[10]

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[10] Cases representing the Majority View include *Purolator, Inc. v. EFRA Distributors, Inc.*, 687 F.2d 554, 559 (1st Cir. 1982); *American Home Products Corp. v. Barr Laboratories, Inc.*, 834 F.2d 368, 370-371 (3d Cir. 1987); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526 (4th Cir. 1984); *Moore Business Forms, Inc. v. Ryu*, 960 F.2d 486, 489 (5th Cir. 1992); *Smith Fiberglass Products, Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993); *Conagra*, 990 F.2d at 370-371; *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355-56 (9th Cir. 1985) (*en banc*); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656, 661-62 (10th Cir. 1987); *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 839-840 (11th Cir. 1983); *Reader's Digest Association, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 803-04 (D.C. Cir. 1987). The Minority View is represented by cases including *Escercizio v. Roberts*, 944 F.2d 1235, 1242 (6th Cir. 1991), *cert. denied*, 112 S. Ct. 3028 (1992) and *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1571 (Fed. Cir. 1983).

A. The Likelihood Of Confusion Issue Is Inherently Factual In That It Focuses On Ordinary Consumers' Perception Of Competing Marks And Trade Dresses.

As an initial matter, common sense suggests that a trier of fact, rather than an appellate court, is in the superior position to weigh evidence concerning the inherently fact-laden issue of the likelihood that *an appreciable number of ordinary consumers* will be confused by a competing mark or trade dress. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979). The tests of all the circuits emphasize that not all evidentiary factors have equal weight in every case and that a plaintiff need not prove all or even most of the factors to prevail. *See, e.g., Paddington*, 996 F.2d at 584 (evaluation of *Polaroid* factors not a mechanical process where party with most factors in its favor prevails); *Nina Ricci, S.A.R.L. v. E.T.F. Enterprises, Inc.*, 889 F.2d 1070, 1073 (Fed. Cir. 1989) (in each case different elements may predominate); *Conan Properties, Inc. v. Conan Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985) (finding of likelihood of confusion need not be supported by a majority of the factors); *Pizzeria Uno*, 747 F.2d at 1527 (not all the likelihood of confusion factors are always relevant or equally emphasized in each case). There is no requirement that, and indeed no practical manner in which, the trier of fact can precisely tabulate and record the subjective significance that it attaches to each factor in the test -- factors that all circuits agree are purely factual in nature. Thus, it seems self-evident that the fact finder is in the best position to measure the weight of each of the constituent elements and determine properly whether likelihood of confusion exists.[11] Surely a jury composed of a

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[11] The fact that juries routinely decide infringement claims by resolving the likelihood of confusion issue is strong evidence that the issue is not legal in nature and does not require or merit searching appellate review. *See, e.g., John H. Harland*, 711 F.2d 966; *Transgo Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001 (9th Cir. 1985), *cert. denied*, 474 U.S. 1059 (1986);

(Footnote continued)

cross-section of consumers is better equipped than a panel of erudite judges to determine whether the similarity between marks and trade dresses in the marketplace is likely to lead to consumer confusion.[12]

Moreover, Lanham Act trials recreate, to the greatest extent possible, the in-store, commercial market place an ordinary consumer encounters when purchasing the products at issue. 2 McCarthy, *Trademarks And Unfair Competition*, § 23.17. At trial, the litigants try to recreate the look and feel of the consumer atmosphere through pictures, testimony of employees, retailers and wholesalers, and myriad other evidence. Here, Merriam-Webster and Random House used the four-week trial to develop their competing views of the various bookstores across the country where dictionaries are purchased. The written record on appeal cannot duplicate the trial

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Toro Co. v. R & R Products Co., 787 F.2d 1208 (8th Cir. 1986); *Conan Properties*, 752 F.2d 145 (5th Cir. 1985); *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316 (4th Cir.), *cert. denied*, 113 S. Ct. 206 (1992). Likewise, when acting as the finder of fact, the trial judge is ordinarily better equipped and better prepared than an appellate court to weigh the *Polaroid* factors. *See Inwood Labs*, 456 U.S. at 857-58 (reversing the Second Circuit's decision which had reversed the trial court's findings because it gave more weight to certain evidence than the district court found appropriate, the Supreme Court stated that the weight and credibility of evidence is the special province of the finder of fact and that Rule 52(a) recognizes that the trial judge is uniquely capable of weighing the evidence).

[12] As Judge Friendly aptly noted in his attempt to distinguish law from facts, law is what a court can determine better than a jury. *United States v. J.B. Williams*, 498 F.2d 414, 431 (2d Cir. 1974). Under this practical definition, likelihood of confusion is surely a factual rather than a legal question. *See generally* George C. Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14 (1992) ("Christie, *Review Of Findings Of Fact*"); Martin B. Louis, *Allocating Adjudicative Decision Making Authority Between The Trial And Appellate Levels: A Unified View Of The Scope Of Review, The Judge/Jury Question, And Procedural Discretion*, 64 N. C. L. Rev. 993 (1986) ("Louis, *Allocating Adjudicative Decision Making Authority*").

atmosphere to the degree necessary to allow appellate judges to reweigh how an ordinary consumer would have viewed the competing products. Compared to other cases where the Court has been asked to determine an appropriate standard of review, likelihood of confusion appears relatively easy to classify as factual as opposed to legal. *Compare Pullman-Standard v. Swint*, 456 U.S. 273 (1982) (whether the differential impact of a seniority system reflected an intent to discriminate is question of fact); *Bose Corp. v. Consumers Union of United States, Inc.*, 467 U.S. 485 (1984) (Rule 52(a) does not apply to finding of actual malice because independent appellate review required due to constitutional nature of issue); *Miller v. Fenton*, 474 U.S. 104 (1985) (question of voluntariness of confession is legal question reviewed *de novo*); *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384 (1990) (district court Rule 11 determination is reviewed under abuse of discretion standard).

B. Clearly Erroneous Review Is More Judicially Efficient Than *De Novo* Review.

Aside from the common sense perspective that likelihood of confusion is a purely factual question, pragmatic considerations suggest that the clearly erroneous review standard be uniformly adopted nationwide. The opportunity to retry the case on appeal afforded by the Minority View has not been lost on would-be appellants. *See Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 574-75 (Rule 52(a) helps prevent retrial of cases on appeal); *Conopco, Inc. v. May Dep't Stores Co.*, __ F.3d ___, 1994 WL 511280, *14 (Fed. Cir. 1994) (dissent noted that reweighing the evidence encourages litigants to ignore the trial court decision and "retry the case on appeal," sometimes successfully).

The needless inconsistency between the circuits also promotes forum shopping, especially in the Federal Circuit. In reviewing trademark cases appealed from the Trademark Trial and Appeal Board (the "TTAB"), the Federal Circuit reviews likelihood of confusion *de novo*. *See, e.g., Kimberly Clark*

Corp. v. H. Douglas Enterprises, 774 F.2d 1144, 1146 (Fed. Cir. 1985); Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1303. Because litigants may appeal the TTAB decision to the Federal Circuit or any district court that has jurisdiction, a loser at the TTAB likely will seek review before the Federal Circuit.[13] Also, because the Federal Circuit does not have exclusive jurisdiction over trademark and trade dress cases, when it assumes jurisdiction over these cases in conjunction with appeals of patent issues from a district court, it borrows its standard of review for the trademark portion of the case from the appellate court for the district in which the district court sits. As a result, in some of these cases the Federal Circuit reviews likelihood of confusion *de novo* while in others it reviews the issue under the clearly erroneous standard. *Compare Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 909, 911-12 (Fed. Cir. 1984) (applying the old Ninth Circuit law that the ultimate issue of likelihood of confusion is reviewed *de novo*) *and Kimberly-Clark*, 774 F.2d at 1146 (applying its own rule, Federal Circuit reviewed *de novo* and reversed the TTAB's finding that no likelihood of confusion exists) *with Conopco*, __ F.3d. __, 1994 WL 511280, *5 (Fed. Cir. 1994) (applying Eighth Circuit's clearly erroneous standard). Providing one standard of review will eliminate litigants' manipulation of forum considerations.

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[13] Although the Federal Circuit's review is *de novo*, the district courts are instructed to review the TTAB findings for clear error. Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1303-04; Richard L. Kirkpatrick, *Likelihood Of Confusion Issues: The Federal Circuit's Standard Of Review*, 40 Am. U. L. Rev. 1221, 1228-29 (1991) ("Kirkpatrick, *Likelihood of Confusion Issues*").

1. In Analogous Areas of Trademark Law, The Clearly Erroneous Standard Of Review Is Uniformly Applied.

To prevail on a § 43(a) Lanham Act claim for trademark or trade dress infringement, besides demonstrating likelihood of confusion, a plaintiff must demonstrate that the mark merits protection. If a mark is only descriptive, as opposed to suggestive, the mark must have secondary meaning to be protectible. Secondary meaning exists if, " 'in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself.' " *Two Pesos Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2756 n.4 (1992), (*quoting Inwood Laboratories*, 456 U.S. at 851 n.11). Appellate courts uniformly hold that whether a mark has acquired secondary meaning and whether a mark is descriptive are questions of fact reviewed on appeal under Rule 52(a). 2 McCarthy, *Trademarks And Unfair Competition*, § 15.10; *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1039-41 (2d Cir. 1992). Moreover, as with likelihood of confusion, all courts employ multifactor tests to determine secondary meaning. 2 McCarthy, *Trademarks And Unfair Competition*, § 15.10. In addition, although separate, secondary meaning and likelihood of confusion are difficult to distinguish in reviewing the evidence. *Id.* at § 15.03. Fundamentally, the determination of whether a mark is descriptive or has acquired secondary meaning is so analogous to the determination of likelihood of confusion, the same clearly erroneous standard should apply.[14] The Minority View circuits should be required to bring their review of likelihood of confusion in line with their

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[14] Because all tests require application of multiple evidentiary factors, "there appears to be no articulated reason" for the Federal Circuit to review secondary meaning and mark classification under the clearly erroneous standard but review *de novo* likelihood of confusion. Kirkpatrick, *Likelihood Of Confusion Issues*, 40 Am. U. L. Rev. at 1230.

review of the other, analogous elements of a trademark infringement claim.

C. Clearly Erroneous Review of Likelihood of Confusion Rests Upon The Consistent Application of Settled Legal Principles.

Aside from these compelling practical reasons for providing a uniform standard of review, the issue is ripe for resolution in favor of the clearly erroneous standard because the Minority View fails to take account of Supreme Court precedent, ignores and subverts the functional distinctions between trial and appellate courts and lacks any reasoned foundation.

1. Supreme Court Precedent Suggests That Deferential Review Of This Non-Constitutional Issue Is Appropriate.

A deferential standard of review is consistent with the Court's pronouncements that searching appellate review is most appropriate when constitutional rights are at stake or where an issue involves central aspects of human rights -- matters decidedly absent in trademark cases which often involve the application of statutory provisions to *sui generis* facts. *See Bose*, 466 U.S. at 500 n.16 (appellate review of factual issues is not foreclosed where a judgment involves "broadly social judgments -- judgments lying close to opinion of our government and the duties and immunities of citizenship");[15] Evan Tsen Lee, Note, *Principled Decision Making And The Proper Role Of Federal Appellate Courts: The Mixed Questions Conflict*, 64 S. Cal. L. Rev. 235, 278 (1991) ("Lee, *Principled Decision Making*") (rigorous appellate scrutiny of district court

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[15] The Court in *Bose* also stated that certain largely factual questions in some areas of law cannot be left to the trier of fact to resolve because of their great "impact on future cases and future conduct." 466 U.S. at 501 n.17. In dissent, Chief Justice Rehnquist objected to engaging in searching review of a factual inquiry merely by referring to the issue as one of constitutional dimension. *Bose*, 466 U.S. at 517.

findings in certain cases can be explained by the constitutional rights at issue); Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1305 ("[t]he Supreme Court's recent tendency has been to narrow the scope of appellate review where the issues do not involve fundamental constitutional rights."). *See also Levi Strauss*, 778 F.2d at 1355 (likelihood of confusion issues are suited to clearly erroneous review because they do not involve constitutional questions). *See generally* Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14; Louis, *Allocating Adjudicative Decision Making Authority*, 64 N. C. L. Rev. 993.

2. Clearly Erroneous Review Is Consistent With Fundamental Distinctions In The Respective Roles Assigned To Trial And Appellate Courts.

The Court has recognized that a precise test for determining whether a question is factual, legal or mixed remains out of reach. *Miller v. Fenton*, 474 U.S. at 113. Accordingly, whether, for appellate review purposes, a question should be treated as one of law or fact is "sometimes as much a matter of allocation as it is of analysis." *Id.* This decision requires analysis of which court is best situated to decide the question, which in turn calls for an understanding of the respective functions each court is designed to perform.[16] The instances in which the Court has "articulated a standard of deference for appellate review of district court determinations reflect an accommodation of the

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[16] Allocation does not merely require determining whether a case involves disputed facts requiring assessment of credibility because amendments to Rule 52 and the Court's precedent make clear that the trial court's findings are reviewed deferentially even when based solely on documentary evidence or uncontested facts and even when the appellate court has equal access to the facts. *Bessemer City*, 470 U.S. at 574-575. Of course, in this case, numerous witnesses testified, and assessment of credibility was, therefore, especially critical.

respective institutional advantages of trial and appellate courts." *Salve Regina College v. Russell*, 499 U.S. 225, 233 (1991). "[A] federal appellate court [has the] primary function as an expositor of law." *Miller v. Fenton*, 474 U.S at 114. By contrast, "'factfinding is the basic responsibility of district courts, rather than appellate courts.'" *Pullman-Standard*, 456 U.S. at 291-92 (*quoting DeMarco v. United States*, 415 U.S. 449, 450 n. (1974)); *Bessemer City*, 470 U.S. at 574-75 (Rule 52 deference is in part due to trial court's expertise accumulated through primary role as fact finder); *Pierce v. Underwood*, 487 U.S. 552, 559-562 (1988) (with respect to whether government's litigation posture was "substantially justified," deferential appellate review is appropriate because trial court is better positioned to decide the issue, because, *inter alia*, evidence may be known only to the trial court, and even where appellate court has full knowledge, it comes at great expense). The 1985 amendments to Rule 52 make this functional dichotomy explicit.[17] *See also Mucha v. King*, 792 F.2d 602, 605-06 (7th Cir. 1986) ("*Bessemer City* teaches that the main reason for appellate deference to the findings of fact made by the trial court is not the appellate court's lack of access to the materials for decision but that its main responsibility is to maintain the uniformity and coherence of the law, a responsibility not engaged if the only question is the legal significance of a particular and nonrecurring set of historical events.").

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[17] Rule 52(a) was amended to provide that even when an appellate court is in as good a position as the trial court to make a factual finding, it should still defer to the fact finder's findings because "stability and judicial economy" are promoted by recognizing that it is the trial court's job to find facts, and because appellate fact finding undermines the legitimacy of the district courts, needlessly reallocates judicial resources and multiplies appeals by encouraging appellate retrial of factual issues. *See* 1985 Notes of Advisory Committee on Rules, collected at West, Federal Civil Judicial Procedure and Rules, Rule 52 (1994).

Deferential review of the likelihood of confusion issue is also appropriate because trademark infringement cases are so fact specific that they are inherently of little precedential value, and as such, do not implicate the basic function of appellate courts as expositors and overseers of legal principles that act as guides to future conduct and future cases. *See Salve Regina*, 499 U.S. at 233-34 (deferential review of mixed questions of law and fact is proper if appellate scrutiny will not clarify the law); *Cooter & Gell*, 496 U.S. at 399-405 (resolving conflict, the Court held appellate review standard of Rule 11 sanction is abuse of discretion, not *de novo*, because Rule 11 revolves around issues "rooted in factual determinations" and involves "'fact-intensive, close calls'"); *Pierce v. Underwood*, 487 U.S. at 562 (appellate review standard for determining whether government's litigation posture is "substantially justified" is abuse of discretion, not *de novo*, in part because it is "a multifarious and novel question, little susceptible, for the time being at least, of useful generalization"); *Bessemer City*, 470 U.S. at 574-75 ("Duplication of the trial judge's efforts in the court of appeals would very likely contribute only negligibly to the accuracy of fact determination at a huge cost in diversion of judicial resources."); *Levi Strauss*, 778 F.2d at 1355-56 (likelihood of confusion decisions have little precedential value); *Lever Bros. Co. v. American Bakeries, Co.*, 693 F.2d 251, 253 (2d Cir. 1982) ("each trademark infringement case presents its own unique set of facts").

3. The Minority Of Circuits That Employ *De Novo* Review Do So Without Any Reasoned Basis.

No reasoned explanation underpins the holdings of the three circuit courts that review likelihood of confusion *de novo*.[18] The

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[18] *See* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1299 ("No court has articulated a convincing justification for reviewing likelihood of confusion *de novo*."). In fact, it is a

(Footnote continued)

Sixth Circuit, in *Frisch's Restaurants, Inc. v. Elby's Big Boy Of Steubenville, Inc.*, 670 F.2d 642, 651 (6th Cir.), *cert. denied*, 459 U.S. 916 (1982) without explanation, adopted the then-current view of the Ninth Circuit that the determination of likelihood of confusion is a legal conclusion meriting *de novo* review.[19] However, a few years later, in a dispositive opinion, the Ninth Circuit, *en banc*, overruled all of its prior decisions (including the ones exclusively relied on by the Sixth Circuit in *Elby's*) and held that review of the issue of likelihood of confusion should always be under the clearly erroneous standard. *See Levi Strauss*, 778 F.2d at 1355-56.[20] The Ninth Circuit reasoned that the question, although in its view mixed, is

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bit misleading to say that these three minority circuits uniformly apply their own standards. Several circuits seem so confused by the jurisprudence in this area that they occasionally fail to follow their own rules. *See, e.g., Hindu Incense v. Meadows*, 692 F.2d 1048, 1051 (6th Cir. 1982) (applying the First Circuit clearly erroneous standard); *Conagra*, 990 F.2d at 370-71 (court mentioned that one of its prior cases approved *de novo* review of likelihood of confusion and then explained that case's holding should be disregarded).

[19] *Elby's* was the first of several cases in which Justice White dissented from the Court's denial of certiorari to determine the appropriate standard of review for likelihood of confusion.

[20] Several of the circuits that previously reviewed likelihood of confusion *de novo* changed to clearly erroneous review, acknowledging that the justifications for their holdings -- that likelihood of confusion is a finding of ultimate fact and that the appellate court is as able as the trial court to evaluate evidence of likelihood of confusion -- were repudiated by *Pullman-Standard*, 456 U.S. 273 and the amendment to Rule 52(a). *See American Home Products*, 834 F.2d at 370 n.2; *Pizzeria Uno*, 747 F.2d at 1526; *Euroquilt, Inc. v. Scandia Down Corp.*, 772 F.2d 1423, 1428 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986). It does not appear that the Sixth Circuit ever revisited its standard in light of the Ninth Circuit's reversal. Moreover, of the four circuits courts that typically review mixed questions of law and fact *de novo* -- the Second, Third, Eighth and D.C. Circuits -- the latter three apply clearly erroneous review to the likelihood of confusion issue. Lee, *Principled Decision Making*, 64 S. Cal. L. Rev. at 241.

predominantly factual, does not implicate constitutional issues, requires application of a strictly factual test, has little precedential value and if reviewed *de novo* would require a great expenditure of appellate resources to a task more suited to the trial court. *Levi Strauss*, 778 F.2d at 1355.

The Federal Circuit, which reviews likelihood of confusion as a matter of law when taking appeals from the Trademark Trial and Appeal Board, applies this standard because its predecessor court, the Court of Customs and Patent Appeals, did so -- not because of its reasoned belief that the ultimate issue is one of law or is otherwise mandated. *See Giant Food*, 710 F.2d at 1569 (Fed. Cir. 1983); *see generally* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1299 ("[T]he Federal Circuit seemingly adopted de novo review because its predecessor, the Court of Custom and Patent Appeals (CCPA), employed it" and the CCPA did not offer any reasoned explanation for its position.).

The oft-cited precedent for the Second Circuit view, *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1005 (2d Cir. 1983), was derived from perfunctory citation to the now discarded Ninth Circuit view, misstatement of its own precedent, and generic, unhelpful citation to a treatise. In fact, Second Circuit opinions prior to *Plus Products* often reviewed the trial court's findings regarding likelihood of confusion under the clearly erroneous standard. *See, e.g., Spring Mills, Inc. v. UltraCashmere House, Ltd.*, 689 F.2d 1127, 1136 (2d Cir. 1982) (Second Circuit reversed, holding trial court's finding of no likelihood of confusion "clearly erroneous"); *Grotrian, Helfferich, Schulz, Etc. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir. 1975) (Second Circuit held that the trial court's finding of "likelihood of confusion is not clearly erroneous but is supported by substantial evidence"). The Second Circuit authorities cited in *Plus Products* do not remotely stand for the

proposition cited.[21] The only other case cited in *Plus Products* is a Ninth Circuit opinion from 1980 that predated the Ninth Circuit's *en banc* reversal. *See Alpha Industries, Inc. v.*

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[21] *Lever Bros.*, 693 F.2d at 255, the first authority cited in *Plus Products*, does not stand for the proposition that likelihood of confusion is reviewed *de novo* but rather for a related, subsidiary rule that has since been repudiated by amendments to Rule 52(a) and by Second Circuit case law. This repudiated rule stated that "[t]o the degree that the determination of 'likelihood of confusion' rests upon a comparison of the marks themselves, the appellate court is in as good a position as the trial judge to decide the issue." *Miss Universe, Inc. v. Patricelli*, 408 F.2d 506, 509 (2d Cir. 1969). Where, however, as in the instant case, the district judge's factual findings were based not only on his analysis of documentary evidence of similarity but also on the testimony of market research experts, we will apply the 'clearly erroneous' standard of review." *Lever Bros.*, 693 F.2d at 254 n.1. *Miss Universe*, cited in *Lever Bros.*, stated that *de novo* review is only appropriate concerning the one factor of the likelihood of confusion test requiring comparison of the marks. *Miss Universe*, 408 F.2d at 509. The Second Circuit there applied the clearly erroneous standard to the other factual factors involved and the opinion nowhere states that likelihood of confusion should be reviewed *de novo*. Accordingly, it is clear that *Lever Bros.* does not stand for the proposition attributed to it in *Plus Products* that *de novo* review of likelihood of confusion is appropriate.

The *Miss Universe* logic was subsequently overturned as the result of the 1985 amendment to Rule 52(a), which explained that a judge's findings of fact are to be reviewed under the clearly erroneous standard whether based on documentary evidence or testimony, and has been recognized by the Second Circuit in cases such as *Paddington*, 996 F.2d at 585 ("While we used to apply *de novo* review to the similarity-of-the-mark inquiry, on the theory that an appellate court is in as good a position to examine a mark or dress as a trial court . . . this practice [is] inappropriate in light of a 1985 amendment to the Federal Rules.").

The other Second Circuit opinion cited for authority in *Plus Products* stands only for the rejected *Miss Universe* rule. *See McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d at 1133. In fact, *McGregor-Doniger* correctly noted that *Miss Universe* stood only for the proposition that the "clearly erroneous standard applies to findings on factors other than similarity of marks." 599 F.2d at 1139.

AlphaSteel Tube and Shapes, Inc., 616 F.2d 440, 443-44 (9th Cir. 1980). The section of Moore's treatise cited in *Plus Products* speaks generally about Rule 52(a), but does not indicate that *de novo* review of likelihood of confusion is appropriate. In short, the authority cited to support the Second Circuit's view is either flawed, long since overruled or inapposite.[22]

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[22] Resolution of the likelihood of confusion issue would complement the Court's review of *Wilton (Leslie) v. Seven Falls Co.*, 29 F.3d 623 (5th Cir. 1994), *cert. granted*, 63 USLW 3420 (U.S. Nov. 28, 1994) (No. 94-562) in which certiorari was granted recently. One of the issues there is the appropriate appellate standard of review of a district court's decision concerning federal abstention. Recent commentators have suggested that the standards of appellate review of mixed questions are in need of clarification. Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14; Lee, *Principled Decision Making*, 64 S. Cal. L. Rev. 235 (suggesting that plenary appellate review of mixed questions is appropriate only when review will produce meaningful precedent).

A comparison of the various standards of review actually applied by the Second Circuit in its opinion versus the standards it purported to apply makes plain that appellate courts need further guidance concerning the appropriate method for classifying, for review purposes, when a question is factual and when it is legal. Under the current state of the law articulated in *Pullman* and its progeny, any appellate court can do what the Second Circuit did here -- denominate a question as mixed or purely legal, not factual, so that *de novo* review can be justified.

With regard to the jury's findings of distinctiveness and secondary meaning of Merriam-Webster's trade dress, the Second Circuit stated that they were "supported by the record." Although its standard of review of these findings was not explicitly stated, it appears the Second Circuit correctly applied some variation of the "substantial evidence" test for jury findings or the clearly erroneous standard mandated by Rule 52. Next, however, although Second Circuit law uniformly states that the *Polaroid* factors merit clearly erroneous review, the Second Circuit reweighed many of the *Polaroid* factors *de novo*. With regard to the New York State dilution claim, the Second Circuit applied *de novo* review to each of the constituent elements of the claim as well as the overall question of likelihood of dilution despite the

(Footnote continued)

D. The Seventh Amendment Requires That Matters Decided By A Jury Not Be Re-examined By A Court.

In dismissing Merriam-Webster's complaint, the Second Circuit ignored its obligation to give Seventh Amendment deference to the jury's findings regarding likelihood of confusion. Juries routinely decide Lanham Act damage cases. To allow an appellate court to conduct *de novo* review of likelihood of confusion -- the heart of any infringement case -- is tantamount to usurping the jury's function.[23] The Second

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fact that Second Circuit law suggests that the constituent elements of a dilution claim are factual questions reviewed deferentially. *See Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625-26 (2d Cir. 1983) (Second Circuit applied clearly erroneous review to predatory intent element of dilution). The Second Circuit's decision to review each of these elements *de novo*, with no deference to the trial judge or the jury, is reversible error as it is inconsistent with Rule 52 and the Seventh Amendment. It is also inconsistent with the view in other circuits. *See Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1361-62 (9th Cir. 1993) (clearly erroneous standard of review for trademark cases applies to state law dilution cases); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir. 1987) (dilution, like likelihood of confusion, is reviewed under the clearly erroneous standard). Finally, as discussed below, the Second Circuit's *de novo* review of the jury verdict, typical of the Minority View courts with respect to jury trials, raises Seventh Amendment concerns. The inconsistency in all of these standards of review -- often an outcome determinative matter -- warrants resolution.

[23] Ordinarily, due to the Seventh Amendment, a jury's findings regarding likelihood of confusion merit even more deference than a trial court's findings. *See, e.g., Figueroa v. Aponte-Rocque*, 864 F.2d 947, 949 n.3 (1st Cir. 1989) (standard of review of jury verdict even more deferential than review of judicial factfinding); Louis, *Allocating Adjudicative Decision Making*, 64 N. C. L. Rev. at 696 n.19. In this instance, however, because a "judge sitting at equity may not render a verdict which is inconsistent with that of a jury sitting at law on a claim involving the same essential elements," the Seventh Amendment required the district court to resolve the injunction in conformity with the jury verdict. *Song v. Ives Laboratories, Inc.*, 957 F.2d

(Footnote continued)

Circuit acknowledged that the jury "was instructed on the *Polaroid* factors and charged that it could not find Random House liable without finding a likelihood of confusion." (App. at A10.) Yet, without suggesting that the trial court committed error in submitting the question of likelihood of confusion to the jury, *see Levi Strauss*, 778 F.2d at 1356, the Second Circuit ruled as a matter of law that no such likelihood existed.[24]

The Second Circuit engaged in *de novo* review of most of the *Polaroid* factors and made no attempt to marshal the evidence on which a jury verdict for Merriam-Webster, on either the federal or state infringement claims, could have been based. *See, e.g., John H. Harland*, 711 F.2d at 973 (appellate court applied the appropriate deferential standard in upholding the jury verdict). The district court noted that Merriam-Webster presented "extensive" evidence of likelihood of confusion, including evidence regarding similarity of the marks such as the appearance of the dictionaries, the manner in which Random House designed and redesigned its trade dresses to make it more

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1041, 1048 (2d Cir. 1992). Thus, in this case, the judge's injunction should receive the same deference as the jury verdict.

[24] *Atlantic & Gulf Stevedores, Inc. v. Ellerman Lines*, 369 U.S. 355, 359-60 (1962) (in light of the Seventh Amendment "neither [the Supreme Court] nor the Court of Appeals can redetermine facts found by the jury any more than the District Court can predetermine them."); *Tennant v. Peoria*, 321 U.S. 29, 35 (1944) (to enter judgment for respondent deprived petitioner of right to a jury trial where evidence in the record supported jury's finding that respondent's negligence, an ultimate conclusion concerning a factual matter, caused petitioner's injury); *In re Cinematronics, Inc.*, 916 F.2d 1444, 1451 (9th Cir. 1990) ("grave Seventh Amendment problems would arise if a jury trial is conducted by the bankruptcy court" in a non-core proceeding because *de novo* review of the findings is required). Likelihood of confusion is inherently a factual question; an appellate court should only review that finding under an extremely deferential standard. The Second Circuit did not even review the evidence Merriam-Webster introduced to the jury, no less give that evidence deference. (App. at A11-A16.)

similar to Merriam-Webster's, and the similar typography, prominence, color, and arrangement of the titles as displayed on the spines. (App. at A27, A29-A30.) Moreover, the jury took both dictionaries into the jury room during its deliberations. Finally, the jury was instructed without Random House's objection concerning the requirement that the jury view the trade dress in its entirety. Instead of reciting this evidence and assuming, as required, that the jury accepted all of this testimony, the Second Circuit made its own determination that the dust jackets were not similar, focusing on a side-by-side comparison, which is not the appropriate test. *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1060 (2d Cir. 1979) ("The test of customer confusion is not whether the products can be differentiated when subjected to a side-by-side comparison, but rather whether they create the same general overall impression.").

Moreover, emblematic of its independent fact finding was the Second Circuit's analysis of the *Polaroid* prong concerning sophistication of the consumer. The Second Circuit wholly ignored the evidence Merriam-Webster introduced that tended to show that dictionary purchasers typically make a purchase decision based predominantly on their view of the dictionary spine, not its front cover, and that, while there is no scientific evidence, it appears that dictionary purchasers expend little time in selecting a dictionary. (Trial testimony of Robert Sydney Albert, trial transcript dated October 16, 1991, at 2818 ("Albert at __")); (Trial testimony of Donald F. Miller, trial transcript dated September 30, 1991, at 921); (Albert at 2813-14.) Indeed, the district court concluded that Merriam-Webster adduced evidence that "relevant consumers are not sophisticated or careful enough to appreciate the differences between the dictionaries." (App. at A29.) Far from conducting even a modestly deferential review of the record, the Second Circuit substituted its own conclusions -- without citation to the district court's findings, the jury interrogatories or the testimony of any witnesses. The Second Circuit stated that "the dictionaries in

question are sold at retail for approximately twenty dollars and [are] designed for at least several years of use . . . ." (App. at A15.) The Second Circuit also noted that dictionary consumers are generally literate. *Id.* Had the Second Circuit applied its own recognized deferential standard of review to this *Polaroid* element, it could only have concluded that the jury was entitled to find that the consumer sophistication element favored Merriam-Webster.

"[I]n the jury trial context, reviewing courts usually don't question the jury's authority and competency to apply the law." Steven Alan Childress, *'Clearly Erroneous': Judical Review Over District Courts In The Eighth Circuit And Beyond*, 51 Mo. L. Rev. 93, 146 (1986).[25] *See McDermott Intern., Inc. v. Wilander*, 498 U.S. 337, 355-566 (1991) (seaman status under the Jones Act is properly characterized as a mixed question of law and fact requiring jury to find the facts and apply them to the proper legal standard, subject to appellate reversal only if reasonable people could not have found as the jury did); *Commissioner v. Duberstein*, 363 U.S. 278, 289 (1960) (because determination of whether a transfer constitutes a gift for Internal Revenue Code purposes involves application of a nontechnical statutory standard, "the close relationship of [the statute] to the data of practical human experience, and the multiplicity of relevant factual elements," if a jury decides the matter upon correct instructions, on appeal "the only inquiry is whether it can be said that reasonable men could reach differing conclusions on the issue"). It is unprincipled at best and unconstitutional at worst that likelihood of confusion goes to the jury on the damages claim but on appeal of the injunction, the

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[25] "Indeed, with the exception of a few specific substantive areas like constitutional and contract or commercial law, mixed questions going to the merits area, are almost presumptively classified as questions of fact, assigned to the jury, and reviewed narrowly on appeal from any fact finder." Louis,

(Footnote continued)

issue becomes "legal," merits *de novo* review, and is removed from the jury's province.[26]

The Court should grant a writ of certiorari to address the appropriate standard of appellate review in Lanham Act disputes. Only by classifying likelihood of confusion as an issue of fact can the Court assure litigants' rights to have triers of fact decide their cases.

Allocating Adjudicative Decision Making, 64 N. C. L. Rev. at 1003-04. The constitutional fact model, the practice of precluding juries from hearing certain ultimate facts as legal questions, and the rule that equitable claims are decided by the judge rather than the jury are "limited exceptions to or exclusions from the Seventh Amendment, which preserves the right of jury trial as it was in 1791. At that time ultimate facts going to the merits and not subject to one of these three exceptions generally were assigned to the jury. . . . Therefore they became 'facts' within the meaning and protection of the Seventh Amendment." *Id.* at 1047 n.19.

[26] As a preeminent commentator in the field has noted, "[i]f the ultimate conclusion of likely confusion is indeed to be labeled as a pure legal issue on appeal, consistency would demand that it be similarly treated in motions for summary judgment, preliminary injunction *and in determining what issues a jury is capable of deciding*. Such has not been the case to date." 2 McCarthy, *Trademarks And Unfair Competition*, § 23.22[2][d]. (Emphasis added).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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December 8, 1994

APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 959, 960, 961, 962—August Term, 1993

(Argued: December 15, 1993

Decided: September 9, 1994)

Docket Nos. 93-7276, 93-7362, 93-7728, 93-7776

MERRIAM-WEBSTER, INC.,

Plaintiff-Appellee-Cross-Appellant,

—v.—

RANDOM HOUSE, INC.,

Defendant-Appellant-Cross-Appellee.

Before:

MESKILL, WINTER, and PRATT,

Circuit Judges.

Appeal from a permanent injunction against a dictionary publisher's infringement of a rival's trade dress entered after a jury trial in the United States District

Court for the Southern District of New York (Lawrence M. McKenna, *Judge*) under the Lanham Act § 43(a), 15 U.S.C. § 1125(a). The jury also found a violation of New York's anti-dilution statute, N.Y. Gen. Bus. Law § 368-d. Because there is, as a matter of law, no likelihood of confusion or dilution, we reverse, vacate the injunction, and order dismissal of the complaint.

ROBERT G. SUGARMAN, Weil, Gotshal & Manges, New York, New York (Nancy Scherer, Lori Pines, Weil, Gotshal & Manges, New York, New York; Ellis B. Levine, Diana R. Frost, Random House, Inc., New York, New York; Ralph P. Huber, Pamela A. Rask, Sabin Bermant & Gould, New York, New York, of counsel), *for Defendant-Appellant-Cross-Appellee.*

LILE H. DEINARD, Schreiber, Simmons, MacKnight & Tweedy, New York, New York (Alan N. Sutin, Brian D. Graifman, Schreiber, Simmons, MacKnight & Tweedy, New York, New York, of counsel), *for Plaintiff-Appellee-Cross-Appellant.*

WINTER, *Circuit Judge*:

Random House, Inc. appeals from Judge McKenna's order granting a permanent injunction under the Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1988), against infringement of Merriam-Webster, Inc.'s trade dress for the dust

jackets of its dictionaries. We hold that, as a matter of law, no confusion or likelihood of confusion exists between the respective jackets. We also hold there is no dilution under New York law of either Merriam-Webster's trademarks or trade dress. We therefore vacate the injunction and order dismissal of the complaint. In light of that disposition, we need not address the various forms of other appellate relief sought by the parties through a petition for writ of mandamus and cross-appeal.

BACKGROUND

Merriam-Webster publishes a variety of reference works that depict on the front cover of the dust jacket its "bull's eye" logo—a large white circle containing the word "Webster's" and a description of the type of work. Merriam-Webster has registered this logo as a trademark with the Patent and Trademark Office. The present action involves the ninth edition of Merriam-Webster's hardcover, abridged, desk-top dictionary that has been published in numerous editions since 1898. As described by Merriam-Webster's expert, the dictionary is one of a genre of works known as "college" dictionaries and is the market leader in this field. The eighth edition, published in 1973, bore the title *Webster's New Collegiate Dictionary*. The ninth edition was published in 1983 and bore the title *Webster's Ninth New Collegiate Dictionary*. The jacket design for the ninth edition is the one at issue in the instant matter.

The jacket has a bright red background. The front is dominated by the "bull's eye" logo—a large circle with a thin white outer rim, a thin blue inner rim, a central area with a background of white and the title, "Webster's Ninth New Collegiate Dictionary" in blue. The diameter of the

"bulls-eye" is slightly over 6". The jacket is roughly 10" by 6-3/4". The words "A Merriam-Webster" appear in white script above the bull's-eye. The word "Webster's" appears in white vertically on the spine and occupies close to half the space. Horizontally in smaller type appear "Webster's Ninth New Collegiate Dictionary" at the top of the spine and "Merriam Webster" at the bottom. Both are in white.

Random House has published a "college" dictionary since 1947. In 1968, it titled its product "The Random House College Dictionary." The dictionary was marketed with a red dust jacket, the title in large black and white letters, and Random House's "house" logo—an angular drawing of a house—in white. The spine displayed the word "Dictionary" in large white letters.

The dispute underlying this action began in 1990, when Random House introduced a dictionary titled *Webster's College Dictionary*. The jacket is a slightly different shade of red than the plaintiff's dictionary jacket. Apart from the insertion of the word "Webster's," the new edition differs from the previous one only in that the words "Random House" and the "house" logo are slightly diminished in size, and the word "the" is deleted from the cover. Although smaller than in the prior edition, the logo and words "Random House" are in black and occupy roughly one-third of the front jacket. "Random House" is in block lettering and appears four more times on the outside jacket. The spine displays the word "Webster's" vertically in large white letters. Horizontally, in smaller black letters, is "Random House" at the top along with the "house" logo and "College Dictionary" at the bottom of the spine.

Several other publishers market a dictionary with the designation "Webster's" in the title. For example, Houghton Mifflin introduced its *Webster's II New Riverside University Dictionary* in 1984. Simon & Schuster introduced its *Webster's New World Dictionary, Third College Edition* in 1988. Both dictionaries are also marketed with a red dust jacket and with some of the title words lettered in white.

On February 20, 1991, Merriam-Webster brought the present action for infringement of its trademark, seeking damages, Random House's profits, and a permanent injunction under the Lanham Act § 43(a) and New York General Business Law §§ 368-d, 349 (McKinney 1988). Merriam-Webster moved for a preliminary injunction, which was denied, following an evidentiary hearing. The district court concluded that "there is not a likelihood of confusion warranting the issuance of a preliminary injunction." The key differences cited by the district court were the presence of Merriam-Webster's name and "bull's eye" motif on the cover of its dictionary and the words "Random House" and "house" logo on the front jacket of the Random House dictionary. Merriam-Webster then amended its complaint to include a claim for infringement of its trade dress under Lanham Act § 43(a).

Following a four-week trial, the jury answered nineteen questions on a special verdict form. The jury found that the phrase "Webster's Collegiate" as applied to dictionaries is a valid although unregistered trademark of Merriam-Webster. It found that the mark is not generic but is descriptive and had acquired secondary meaning. However, the jury found that Random House had not infringed Merriam-Webster's trademarks in either the words "Webster's Collegiate" or in the "bull's eye" logo. The jury did find, however, that Random House had

diluted the distinctiveness of Merriam-Webster's trademark "Webster's Collegiate" in violation of New York law.

Addressing the trade-dress claims, the jury found that Merriam-Webster's trade dress is distinctive and had acquired secondary meaning. It further found that Random House had infringed that trade dress. Moreover, the jury found that Random House had diluted the distinctiveness of the trade dress but not the distinctiveness of the "bull's eye" logo. Finally, the jury found that Random House's trade dress infringement was intentional and awarded Merriam-Webster $1,774,713 for its lost profits, but nothing for Random House's net profits. The jury also found that the infringement was done "maliciously or in wanton disregard of the rights of Merriam-Webster" warranting the award of $500,000 in punitive damages on the common law trade dress infringement claim, but not the award of attorneys' fees.

In response to the interrogatories on Random House's counterclaims, the jury found that the word "collegiate" as applied to dictionaries is not generic, but descriptive and had acquired secondary meaning. However, the jury found also that the word "Webster's" as applied to dictionaries is generic.

Following the verdict, the district court entered a judgment including damages under the Lanham Act and common law claims[1] and an injunction. The injunction

[1] The judgment granted Merriam-Webster double damages on the Lanham Act § 43(a) claim pursuant to Lanham Act § 35(a), 15 U.S.C. § 1117(a), in the amount of $3,549,426, which together with the $500,000 in punitive damages for common law trade dress infringement resulted in a total of $4,049,426. The district court vacated the compensatory damage portion of this award as irreconcilable with the jury's answers to the interrogatories on Random House's motion pursuant to Fed. R. Civ. P. 49(a). Although Merriam-Webster had requested only $729,731 in lost profits, it

enjoined Random House from using its current jacket design or using the words "Webster's" or "College" on dictionaries that do not adhere to a stringent set of restrictions intended to differentiate the two companies' products.[2]

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attempted to reconcile the jury's award of $1,774,731 in lost profits as actually representing a combination of its lost profits and Random House's profits or as an additional award for loss of goodwill. The district court then reversed its decision and reinstated the damage award on Merriam-Webster's motion for reconsideration on the basis of *Auwood v. Harry Brandt Booking Office*, 850 F.2d 884 (2d Cir. 1988). The court reconciled the jury's award as representing both Merriam-Webster's lost profits and Random House's profits. Because we order dismissal of Merriam-Webster's complaint, we need not address the district court's resolution of the Rule 49(a) issues.

[2] The injunction reads in full:

[I]t is **ORDERED, ADJUDGED AND DECREED** that [Random House, Inc.], its officers, agents, servants, employees, attorneys, successors and assigns, and all persons or entities licensed by [Random House, Inc.] to manufacture dictionaries or any part thereof, and those persons acting in active concert or participation with them (but excluding customers not affiliated with defendant to whom defendant or any customer of defendant shipped dictionaries prior to the date hereof) who receive actual notice of this Judgment, by personal service or otherwise, are hereby permanently enjoined and restrained from:

1. Manufacturing, distributing, selling, offering for sale, marketing, promoting or advertising:

(i) any dictionary bearing the jacket an illustration of which is annexed as Exhibit A:

(ii) any dictionary including the word "Webster's" in its title, or otherwise displaying the word "Webster's" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following conditions:

(a) the dominant or most prominent word on the spine may not be the word "Webster's";

(b) the word "Collegiate" may not be used;

(c) the typeface used for the word "Webster's" on any part of the jacket may not be the same as, or nearly resemble, that used

Random House moved for a judgment as a matter of law pursuant to Fed. R. Civ. P. 50 or alternatively for a new trial pursuant to Fed. R. Civ. P. 59. Merriam-Webster cross-moved for partial judgment as a matter of law under Rule 50 as to their request for attorneys' fees. The district court denied both motions, but vacated the jury's award of Random House's profits and granted Random House a new trial on the issue of whether its conduct constituted "willful deception" under the standard announced in our intervening decision in *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, *cert. denied*, 113 S. Ct. 510 (1992). *Merriam-Webster, Inc. v. Random House, Inc.*, 815 F. Supp. 691, 700-01 (S.D.N.Y. 1993).

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for the word "Webster's" on the spine and within the circle on the jacket of plaintiff's *Webster's Ninth New Collegiate Dictionary*;

(iii) any dictionary including the word "Webster's" and the word "College" in its title, or otherwise displaying the word "Webster's" and the word "College" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following additional conditions:

(d) the word "Webster's" must be immediately preceded or followed by the words "Random House";

(e) the word "Webster's," as used on any part of the jacket, must be in the same typeface as, and not larger in height than, the words "Random House";

(f) the words "Random House" must appear on the jacket in the same color as the word "Webster's."

2. Manufacturing or distributing any promotional materials, or placing any advertising, relating to any dictionary as described in ¶ 1, *supra*, that does not conform, in text or in depiction of dictionaries, or otherwise, to the conditions set forth in ¶ 1, *supra*.

3. Manufacturing, distributing, selling, offering for sale, marketing, promoting, or advertising any dictionary as described in ¶ 1, *supra*, the binding cover or title page of which does not conform to the conditions set forth in ¶ 1, *supra*, of this Judgment, provided, however, that this ¶ 3 of this Judgment shall not apply to title pages printed, or binding covers manufactured, prior to November 9, 1991.

DISCUSSION

We have jurisdiction over the appeal from a permanent injunction under 28 U.S.C. § 1292(a)(1).

1. *Trade Dress Infringement*

"A product's trade dress is its total image" composed of "features such as size, shape, color or color combinations, texture, [or] graphics." *Paddington Corp. v. Attiki Importers & Distribs.*, 996 F.2d 577, 582 (2d Cir. 1993) (internal quotations and citation omitted). Lanham Act § 43(a)(1) protects trade dress by creating a cause of action against

> [a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . .

18 U.S.C. § 1125(a) (1988).

In order to demonstrate infringement of its trade dress, Merriam-Webster had to show, first, that its trade dress had acquired secondary meaning or is inherently distinctive, and, second, that a likelihood of confusion exists between that trade dress and that of Random House's dictionary. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2758 (1992). We have no difficulty in concluding

that the jury's findings that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning were supported by the record.

The more difficult question, however, concerns the existence of likelihood of confusion between the two dictionaries. We have traditionally determined likelihood of confusion by applying the factors set out by Judge Friendly in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). As we recently noted, the list of *Polaroid* factors is not exclusive and the analysis of the factors is "not a mechanical process." *Paddington*, 996 F.2d at 584. The *Polaroid* factors are "merely tools designed to help grapple with the 'vexing' problem of resolving the likelihood of confusion issue." *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992) (internal quotations and citation omitted). The issue is not similarity in the abstract, but "whether the similarity between the two trade dresses will contribute to consumer confusion as to the origin of the product." *Id.* at 1046. Whether likelihood of confusion exists is a matter of mixed fact and law reviewed *de novo*. *Paddington*, 996 F.2d at 584-85; *Murphy v. Provident Mut. Life Ins. Co.*, 923 F.2d 923, 928 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991).

The relevant *Polaroid* factors in the instant matter are: (i) the strength of Merriam-Webster's trade dress, (ii) the proximity of the products in the marketplace, (iii) Random House's bad faith in adopting its trade dress, (iv) the similarity between the two trade dresses, (v) evidence of actual confusion, and (vi) the sophistication of relevant consumer groups. Although the jury was instructed on the *Polaroid* factors and charged that it could not find Random House liable without finding a likelihood of confusion, the interrogatories did not elicit answers explicitly

conforming to those factors. The special verdict makes explicit only that the jury found Merriam-Webster's trade dress to be strong and distinctive, factor (i). It may also be inferred that the jury found the obvious fact that the two dictionaries are in close proximity in the market, factor (ii); and, based on the finding of malicious conduct, that Random House acted in bad faith, factor (iii). We have no problem with the jury's conclusions regarding (i) and (ii). The finding of (iii), bad faith, is discussed *infra*.

We turn to a comparison of the jackets to determine factor (iv), the degree of similarity. Both dictionaries' jackets bear red backgrounds and some white lettering, but that is also the case with regard to the Houghton Mifflin and Simon & Schuster "college" dictionaries as well as the earlier (non-"Webster") Random House edition that Merriam-Webster found unobjectionable. Moreover, in the center of the "bull's-eye," the Merriam-Webster dictionary prominently bears the title "Webster's Ninth New Collegiate Dictionary" in bright blue, a color not used on the Random House jacket. The colors used by Random House, therefore, are not likely to contribute significantly to consumer confusion between the trade dresses in question.

The conspicuous use of very different logos and of the names of the publishers significantly distinguishes the two trade dresses. With regard to the logos, Merriam-Webster's cover jacket is dominated by its "bull's eye," while the Random House jacket has the utterly dissimilar "house" logo. Whereas the circular "bull's-eye" occupies one-third to one-half of the Merriam-Webster front jacket, and, as the rear jacket depicts, similarly dominates the cover on several other Merriam-Webster reference works, no remotely similar configuration appears on the Random

House jacket. To the contrary, Random House's logo features sharp angles and a drawing of a dwelling.

As noted, both dictionaries prominently indicate the publisher's name on the front of the jacket. Although the "house" logo is far smaller than the "bull's-eye", it and the name "Random House", in black and in block letters, occupy almost one-third of the Random House front jacket. The name "Random House" is used four other times on the jacket. The name "Merriam-Webster" is in white script on the cover of its dictionary.

In *Bristol-Myers Squibb Co.*, 973 F.2d at 1037, competing analgesics devoted approximately one-third of the face of their packaging to their respective brand designators. Despite similarities in coloration, we held there that "although they share many similar elements, the prominence of the trade names on the two packages weighs heavily against a finding of consumer confusion resulting from the overall look of the packaging." *Id.* at 1045-46. Similar considerations apply in the instant matter.

What similarity there is between the two jackets, apart from the use of red as background, is in the two spines, which feature the name "Webster." As noted, however, the color red (in different shades) is standard for dictionaries, and the word "Webster's" is generic. Both spines, moreover, feature the quite different names of the publishers.

The fatal flaw in Merriam-Webster's case is the unstated (for obvious reasons) premise that the "bull's-eye" logo and the very name Merriam-Webster are neither strong nor distinctive. The jury, of course, found to the contrary, and there is ample evidence of Merriam-Webster's consistent promotion of the "bull's-eye" logo and its name on a variety of reference works. Unless the circular

"bull's-eye", which dominates the front cover and is displayed on six other works depicted on the back, and the name "Merriam-Webster," which is used once on the front and on the spine and numerous times on the back, are regarded as such insignificant features that confusion with an angular drawing of a house and the name "Random House" can exist, the jackets are not confusingly similar.

In so concluding, we are not dissecting the trade dress by comparing the similarity of individual elements, *Universal City Studios v. Nintendo Co.*, 746 F.2d 112, 117 (2d Cir. 1984); *J.R. Wood & Sons v. Reese Jewelry Corp.*, 278 F.2d 157, 159 (2d Cir. 1960); *Girl Scouts of the United States v. Bantam Doubleday Dell Publishing Group*, 808 F. Supp. 1112, 1124 (S.D.N.Y. 1992) ("Plaintiffs' mark may not be dissected to prove similarity to or public confusion with Defendants' books."), *aff'd*, 996 F.2d 1477 (2d Cir. 1993). Rather, we are assessing "the general impression conveyed to the public" by the entirety of the dress. *Lang v. Retirement Living Publishing Co.*, 949 F.2d 576, 581-82 (2d Cir. 1991); *see Bristol-Myers Squibb Co.*, 973 F.2d at 1046 ("[T]he question is not how many points of similarity exist between the two packages," but general impression). We find that the impressions conveyed by the combinations of angular and curving logos, and by quite different names and some different colors (bright blue is used for the title on the Merriam-Webster work), preclude a finding of similarity.

Indeed, a finding of similarity of trade dress would rest solely on a dissection of individual elements, in particular the use of "Webster's" and "College." Even then, however, the pertinent finding cannot be made. The word "Webster's" is itself generic as applied to dictionaries, as the jury found and under long-standing Supreme Court precedent. *G. & C. Merriam Co. v. Syndicate Publishing*

Co., 237 U.S. 618, 622 (1915). Moreover, Merriam-Webster's expert testified, and other evidence also demonstrates, that "college" describes the genre of hardcover, desk-top, abridged dictionaries. Although the style and placement of a generic word may be protected as an element of trade dress, the presence of a generic word alone cannot support an inference of likelihood of confusion in the presence of prominent source identifiers and wholly dissimilar logos.

Merriam-Webster's evidence of actual confusion, factor (v), consisted only of the testimony of several of its own salesmen, the testimony of one person who was giving the dictionary away, the testimony of another who read a review in a magazine, and photographs of Merriam-Webster and Random House dictionaries shelved side-by-side at bookstores. There was no testimony by any consumer, retail or wholesale, who intended to buy a Merriam-Webster dictionary but mistakenly bought a Random House dictionary because of confusion between the two products' trade dresses. The lack of survey evidence counts against finding actual confusion. *Essence Communications v. Singh Indus.*, 703 F. Supp. 261, 269 (S.D.N.Y. 1988) (citing cases). We conclude that Merriam-Webster failed to show actual confusion affecting purchasers.

Finally, factor (vi), the sophistication of the relevant consumer group, weighs heavily against Merriam-Webster. In assessing this factor, one must look to "[t]he general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods." *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1137 (2d Cir. 1979) (quoting 3 R. Callman, *The Law of Unfair Competition, Trade-*

marks and Monopolies, § 81.2, at 577 (3d ed. 1969)). Analysis of sophistication as a *Polaroid* factor involves those persons who are likely to purchase the product. In the instant matter, there are two pertinent classes of potential consumers: retail book sellers and individuals. Generally, the retailers may be assumed to be sophisticated buyers. *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 576 (2d Cir. 1993). Moreover, ordering the dictionaries requires the retail book seller to contact the particular publisher, and it is virtually inconceivable that a book seller would call Random House believing it was Merriam-Webster. Again, Merriam-Webster's claim is implicitly based on an unstated assumption of its virtual anonymity as a dictionary publisher.

With regard to individual purchasers, the dictionaries in question are sold at retail for approximately twenty dollars and designed for at least several years of use, in both respects unlike the "low-involvement" goods at issue in *Bristol-Myers Squibb Co.*, 973 F.2d at 1046-47. Individual purchasers of dictionaries are generally literate, moreover.

The single *Polaroid* factor supporting a finding of likelihood of confusion is the inference that Random House acted in bad faith, factor (iii), that may be drawn from the jury's conclusion that the publisher acted with malice. There is no question that Random House believed that jacket design affected sales and was fully aware of the Merriam-Webster jacket. There is also evidence that Random House recognized a similarity in the spines. However, the rest of the evidence demonstrates only that Random House was aware that red was in general use as a background color for such dictionaries and that "Webster" and "college" were deliberately emphasized on the jacket. The jury found "Webster" to be a generic term, and

Merriam-Webster's own proof was that "college" was a descriptive term that referred to this genre of dictionaries. We do not pause to consider whether the record supports the jury's finding because what little evidence of bad faith exists is insufficient by itself to show a likelihood of confusion.

Based on a weighing of the *Polaroid* factors, therefore, there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's.

2. *Dilution*

Merriam-Webster argues that the jury's findings of dilution of its trade dress and of the unregistered mark "Webster's Collegiate" under N.Y. Gen. Bus. Law § 368-d entitle it to an injunction. For many of the reasons underlying our holding of no likelihood of confusion on Merriam-Webster's trade dress claims, the jury's findings with regard to dilution are not supported by the record.

New York's anti-dilution statute provides that:

> dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark . . . , notwithstanding the absence of . . . confusion as to the source of goods or services.

N.Y. Gen. Bus. Law § 368-d (McKinney 1988).

This proscription applies to competitors, as in this case, as well as non-competitors. *Nikon, Inc. v. Ikon Corp.*, 987 F.2d 91, 96 (2d Cir. 1993). Section 368-d was enacted to prevent "the gradual whittling away of a firm's distinctive trade-mark or name." *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162, 1166 (N.Y.

1977). This section applies with equal force to the protection of trade dress. *See 20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 815 F.2d 8, 10-11 (2d Cir. 1987).

In order to prevail on a claim of dilution under Section 368-d, the plaintiff must prove, first, that its trade dress or trademark either is of truly distinctive quality or has acquired secondary meaning, and, second, that there is a "likelihood of dilution." *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983). In the context of this case, dilution concerns whether "[j]unior uses may blur a mark's product identification . . . ." *Id.* (quoting 3 R. Callman, *The Law of Unfair Competition, Trademarks, and Monopolies* § 84.2, at 954-55). Under the language of the statute, Merriam-Webster need not show likelihood of confusion to prevail on its Section 368-d dilution claims. However, it must show that Random House's product "weakened, blurred or diluted the degree of value or quality" of Merriam-Webster's trade dress or trademark. *Miss Universe, Inc. v. Patricelli*, 753 F.2d 235, 238 (2d Cir. 1985). Several factors are relevant to the determination of likelihood of dilution in this case: (i) relative renown of the marks and dresses, (ii) similarity of the marks and trade dresses, and (iii) sophistication of consumers. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).

With regard to trade dress, the dilution claim is that the two jackets were sufficiently similar that consumers would less readily identify Merriam-Webster's distinctive trade dress with Merriam-Webster's product. The elements of similarity, sophistication, and predatory intent remain for Section 368-d dilution purposes the same as for Section 43(a) purposes and lead to the same result. The only factor that weighs in favor of Merriam-Web-

ster's dilution claim is the jury's finding that Random House "maliciously or in wanton disregard of the rights of Merriam-Webster" infringed Merriam-Webster's trade dress rights. However, this single factor which, as noted above, is not strongly supported in the record, is insufficient to support a finding of likelihood of dilution in light of the prominent display of very dissimilar source identifiers, including the publishers' names and quite different logos.

The jury also found that Merriam-Webster had an unregistered trademark in "Webster's Collègiate" as applied to dictionaries and that Random House's work diluted that mark. The district court upheld the jury's verdict on the perceived "substantial similarity" of that phrase and Random House's use of "Webster's College Dictionary." We disagree.

First, the phrase "Webster's Collegiate" does not appear anywhere on the jacket of Merriam-Webster's dictionary. Rather, the jacket displays "Webster's Ninth New Collegiate Dictionary." Although Merriam-Webster's brief repeatedly refers to the ninth edition as "Webster's Collegiate Dictionary," that precise title appears not to have been used for decades, and it is, therefore, of highly questionable strength. *Cf.* Lanham Act § 46, 15 U.S.C. § 1127 (1988) ("Nonuse [of mark] for two consecutive years shall be prima facie evidence of abandonment."); *Silverman v. CBS Inc.*, 870 F.2d 40, 47 (2d Cir.) (mark unprotected when discontinued for over 20 years and no plans existed for use in reasonably foreseeable future), *cert. denied*, 492 U.S. 907 (1989); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980) (two years of non-use of mark gives rise to rebuttable presumption of abandonment).

Second, the phrase is merely the combination of a generic word, "Webster's," and a descriptive word, "Collegiate." *See J.R. Wood & Sons, Inc.*, 278 F.2d at 159 ("Trademarks containing a word in the public domain are said to be less confusingly similar if they resemble each other only by the inclusion of a word which is in the public domain.") (internal quotation and citation omitted). Although a descriptive word may assume trademark status through the accumulation of secondary meaning in the minds of the consuming public, *Western Publishing Co. v. Rose Art Indus.*, 910 F.2d 57, 60 (2d Cir. 1990), any claim to a right to prevent the use of similar but different words is weakened by the established concurrent use of similar descriptive words by competitors. *See Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 1078 (2d Cir. 1993); *W.E. Bassett Co. v. Revlon, Inc.*, 354 F.2d 868, 871 (2d Cir. 1966) ("[T]he law does not favor trademark monopolization of such descriptive terms."). Several other dictionary publishers, including Random House, have used the adjective "College" or "University" to describe their dictionaries. Several also have attached the generic term "Webster's" to their dictionaries. Merriam-Webster's own evidence was that "college" is used to describe the pertinent genre of dictionaries. No publisher (including Merriam-Webster) uses the precise phrase "Webster's Collegiate." Whatever Merriam-Webster's rights in that phrase, the general and prolonged use of "Webster's" and "college" by other publishers negates as a matter of law any claim that Random House's combined use of those words diluted those rights, if any.

CONCLUSION

For the foregoing reasons, we reverse, vacate the district court's injunction, and direct the dismissal of Merriam-Webster's complaint. In light of our disposition of the underlying action, we need not address the various forms of other relief sought by the parties.